

THE STATE OF TEXAS

ECONOMIC DEVELOPMENT PROGRAM
AGREEMENT
BETWEEN CITY OF PLANO, COLLIN COUNTY,
SAFETY-KLEEN SYSTEMS, INC.
CITY OF PLANO

COUNTY OF COLLIN

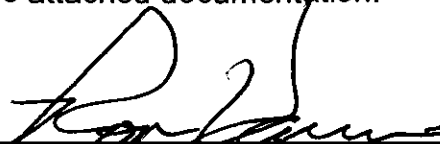
On **October 28, 2002**, the Commissioners Court of Collin County, Texas, met in **regular session** with the following members present and participating, to wit:

Ron Harris
Phyllis Cole
Jerry Hoagland
Joe Jaynes
Jack Hatchell

County Judge, Presiding
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4

During such session the court considered approval of an Economic Development Program Agreement between the City of Plano, Collin County, and Safety-Kleen Systems, Inc. to promote state and local economic development and to stimulate business and commercial activity in the City and County as authorized by Chapters 380 and 381 of the Texas Local Government Code.

Thereupon, a motion was made, seconded and carried with a majority vote of the court approving the attached Economic Development Program Agreement. This agreement will begin in January 2004 and continue through January 2013, each Taxing Entity that participates in this Agreement shall pay to Safety-Kleen Systems, Inc., on its own behalf, an annual grant equal to one-half (1/2) the Ad Valorem Real Property Taxes and Ad Valorem Business Personal Property Taxes assessed and paid to that Taxing Entity for the prior calendar year as authorized by Chapters 380 and 381 of the Texas Local Government Code. Same is hereby approved in accordance with the attached documentation.



Ron Harris, County Judge



Phyllis Cole, Commissioner, Pct. 1



Jerry Hoagland, Commissioner, Pct. 2




Joe Jaynes, Commissioner, Pct. 3



Jack Hatchell, Commissioner, Pct. 4



ATTEST:



Helen Starnes, Ex-Officio Clerk
Commissioners' Court
Collin County, T E X A S



October 15, 2002

Pat Evans
Mayor

Phil Dyer
Mayor Pro tem

Steve Stovall
Deputy Mayor Pro tem

Shep Stahel
Place 1

Scott Johnson
Place 2

Sally Magnuson
Place 4

Jim McGee
Place 7

Ken Lambert
Place 8

Thomas H. Muehlenbeck
City Manager

Commissioners' Court of Collin County
ATTN: Ms. Georgia Shepherd
210 S. McDonald Street, Ste. 626
McKinney, TX 75069

Dear Sir:

Re: Economic Development Program Agreement –
Safety-Kleen Systems, Inc.

Enclosed are three multi-originals of the subject agreement.

Please have signed, attested to and dated on the page indicated, and return to us. The legal department has requested that all copies be returned to us before final distribution. We will send you a fully executed original for your records when available.

Thank you for your assistance. If you should have any questions, please call me at 972.941.7135.

Sincerely,

Sandy Gaugler

for
John F. McGrane
Director of Finance

/sg

Enclosures (3)



November 12, 2002

Pat Evans
Mayor

Phil Dyer
Mayor Pro tem

Steve Stovall
Deputy Mayor Pro tem

Shep Stahel
Place 1

Scott Johnson
Place 2

Sally Magnuson
Place 4

Jim McGee
Place 7

Ken Lambert
Place 8

Commissioners' Court of Collin County
Attention: Ms. Georgia Shepherd
210 S. McDonald Street, Ste. 626
McKinney, TX 75069

Re: Safety -Kleen Systems, Inc.
- Economic Development Program Agreement

Enclosed is you original of this agreement.

Sincerely,

for 
John F. McGrane
Director of Finance

/sg

Enclosures (1)

Thomas H. Muehlenbeck
City Manager

**ECONOMIC DEVELOPMENT PROGRAM AGREEMENT
FOR SAFETY-KLEEN SYSTEMS, INC.**

This Economic Development Program Agreement ("Agreement") is made and entered into by and between **SAFETY-KLEEN SYSTEMS, INC.**, a Wisconsin corporation, hereinafter referred to as "Company"; the **CITY OF PLANO**, a home-rule city and municipal corporation acting through its City Manager, hereinafter referred to as "City"; and **COLLIN COUNTY**, acting through its County Judge, hereinafter referred to as "Collin County" for the purposes and considerations stated below.

RECITALS:

WHEREAS, the City and County have created economic development programs authorized by Texas law and approved by the City Council, including those authorized by Chapters 380 and 381 of the Texas Local Government Code, to promote state and local economic development and to stimulate business and commercial activity in the City and County; and

WHEREAS, the City and Collin County find that the program set forth in this Agreement will promote state and local economic development, and will stimulate and promote business and commercial activity within their respective jurisdictions.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**SECTION 1
Authorization**

This Agreement is authorized by Chapters 380 and 381 of the Texas Local Government Code. The recitals set forth above are hereby found to be true and correct for all purposes.

**SECTION 2
Definitions**

2.1 Affiliates means those entities from time to time under common control with, controlled by, or controlling the Company. For purposes of this definition, "control" means 50% or more of the ownership of the Affiliate determined by value or vote.

2.2 Ad Valorem Business Personal Property Taxes means those taxes paid each year by the Company in respect of its Business Personal Property located at the Facilities.

2.3 Ad Valorem Real Property Taxes means those ad valorem real property taxes paid each year by the Company in respect of the Facilities occupied exclusively by the Company and its Affiliates. Company and/or its Affiliates may allow their respective service providers to occupy the Facility. Company may also allow a liquidating trust that has three to five employees for which the Chief Executive Officer of the Company acts as trustee or manager to occupy the Facility for a period not to exceed twelve (12) months beginning from the date of occupancy of the Facility.

2.4 Business Personal Property means that taxable tangible personal property such as office machines, office furnishings and telecommunications switching equipment, but shall exclude inventory or supplies.

2.5 Company means Safety Kleen Systems, Inc.

2.6 Facilities means the real property and improvements located at 5400 Legacy Drive, (Cluster II, Building Three) in Plano, Collin County, Texas, that are exclusively occupied by Company and its Affiliate(s). The Facilities contain approximately 109,526 square feet of rentable space.

2.7 Program means the economic development program established by this Agreement, as authorized by Chapters 380 and 381 of the Texas Local Government Code as the same may be amended.

2.8 Taxing Entities mean the City of Plano and Collin County, each of which is a party to this Agreement.

SECTION 3

Term

This Agreement shall be effective between the Company and the Taxing Entities that sign and deliver this Agreement. Unless this Agreement is terminated earlier, this Agreement shall remain in effect until September 30, 2012, subject to the final distribution of the grant payment to the Company in January 2013 for the Ad Valorem Real Property Taxes and Ad Valorem Business Personal Property Taxes paid for in calendar year 2012.

SECTION 4

Program Grant

4.1 Annual Grant. As part of the Program and upon Company's compliance with all terms of this Agreement including but not limited to the terms set out in 4.2 and

its subsections, beginning in January 2004 and continuing through January 2013, each Taxing Entity that participates in this Agreement shall pay to the Company, on its own behalf, an annual grant equal to one-half (1/2) the Ad Valorem Real Property Taxes and Ad Valorem Business Personal Property Taxes **assessed and paid** to that Taxing Entity for the prior calendar year. In calculating the annual grant amount, the Taxing Entity shall not include any interest or penalties that may be assessed for late payments.

4.2 Grant Conditions. As a condition of receipt of the grant payment in any year, the Company agrees to perform the following:

4.2.1 The Company agrees that prior to the first payment hereunder, the Company or its Affiliate(s) shall add and maintain through out the term of the Agreement a minimum of **FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$500,000.00)** of Business Personal Property in the Facilities. The Company acknowledges that the Business Personal Property must meet the definition contained in 2.4, and that the Business Personal Property shall not have been transferred from any reinvestment zone, be subject to any tax abatement agreement, nor be owned by any party other than the Company or one of its Affiliates.

4.2.2 The Company agrees to add two hundred and fifty full time equivalent positions at its Facilities for the term of this Agreement. A full time equivalent position is a position that works at least 2080 hours annually.

4.2.3 The Company agrees that it shall continuously occupy the Facilities until September 30, 2012 unless assigned as provided under Section 7.

4.3 Grant Payment. The annual grant payment is due from each Taxing Entity within thirty (30) days following that Taxing Entity's receipt of documentation that the Company is in compliance with 4.2 of this Agreement and that it has paid its annual ad valorem taxes for Business Personal and Real Property to the Taxing Entity through its Lessor. The documentation shall include proof of payment of all taxes to that Taxing Entity for that year and a statement from the Company's Chief Financial Officer certifying compliance with sections 4.2.1, 4.2.2 and 4.2.3 of this Agreement, and that payment of taxes is limited to the Business Personal Property owned and the Facilities were occupied exclusively by the Company and its Affiliates.

SECTION 5

Default

In the event that (1) the Company allows any ad valorem real property taxes or ad valorem business personal property taxes owed to a Taxing Entity to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes; or (2) the Company fails to install and maintain a minimum of \$500,000 of Business Personal Property in the Facilities as required by paragraph 4.2.1 above; or (3) the value of the Business Personal Property subject to ad valorem business

personal property taxes is less than the value referenced in paragraph 4.2.1 above; or (4) the Company breaches any of the terms or conditions of this Agreement, then this Agreement shall be in default.

Company will be in default of its employee commitment if it does not employ at least seventy-five percent (75%) of its full time equivalent positions as specified in paragraph 4.2.2. above.

In the event that the Company defaults in its performance of (1), (2), (3), or (4) above, then a Taxing Entity may declare the Company in default by providing written notice to the Company specifying the default. If the Company has not cured the default, or obtained a waiver thereof from such Taxing Entity within sixty (60) days following the date of the written notice, the termination shall be effective. If the default cannot be cured by the payment of money and cannot with due diligence be cured within a sixty (60) day period owing to causes beyond the direct control of the Company, the Company shall provide written notice with adequate explanation of same within ten (10) days of receipt of written notice to cure. The Taxing Entity will determine an appropriate time period to cure and notify Company of the new time to cure.

If Company does not cure the default within the prescribed cure period, this Agreement may be terminated by that Taxing Entity. Notice shall be in writing as provided in Section 9 below.

Upon the occurrence of a default and failure to cure the same in accordance herewith, the Taxing Entity, in addition to terminating this Agreement, may require that all grants which have been paid by the Taxing Entity seeking termination to become a debt of the Taxing Entity. The debt shall be due and owing to the Taxing Entity within sixty (60) days of the expiration of the cure period described above as the Taxing Entity's sole remedy. Any assignment of the Agreement, including an assignment to an Affiliate, will not limit the Taxing Entity from seeking recovery from the assignee or Affiliate from all previously paid grants, whether the grants were paid to the assignee, Affiliate or assignor.

SECTION 6

Right to Inspect

The Company agrees that the Taxing Entities, their agents and employees, shall have the right upon reasonable prior notice to access and to inspect the Business Personal Property in order to insure that its location is in accordance with this Agreement and all applicable federal, state, and local laws and regulations. The right of inspection shall also include any of the Business Personal Property that is in possession of any Affiliate of the Company. The right of inspection shall continue during the term of this Agreement.

SECTION 7

Assignment

The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. This Agreement cannot be assigned by Company unless written permission is first granted by the City and County, which permission shall be at the reasonable discretion of the City and County, except under the following circumstances and when Company has given prior written notice to the City and County:

- (a) Assignment to an Affiliate of Company and the Affiliate(s) agrees to be bound to the terms of this Agreement.
- (b) The Assignment of this Agreement to any entity which is a successor to the Company either by merger or consolidation, or to a purchaser of all or substantially all the Company's assets, provided such successor or assign agrees to be bound by the terms of this Agreement.

SECTION 8

Indemnification

It is understood and agreed between the parties that the Company, in performing its obligations hereunder, is acting independently, and neither Taxing Entity assumes no responsibilities or liabilities in connection therewith to third parties and Company agrees to indemnify and hold harmless the Taxing Entities from any and all claims, suits, and causes of action including attorneys' fees, of any nature whatsoever arising out of the Company's default of its obligations hereunder.

SECTION 9

Section or Other Headings

Section or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10

Entire Agreement

This Agreement contains the entire agreement between the parties with respect to the transaction contemplated herein.

SECTION 11
Amendment

This Agreement may only be amended, altered, or revoked by written instrument signed by the Company and the Taxing Entity against whom such amendment, alteration or revocation is sought to be enforced.

SECTION 12
Notice

Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses or at such other addresses provided by the parties in writing.

COMPANY:	Safety-Kleen Systems, Inc. Attention: General Counsel 5400 Legacy Drive, Cluster II, B3 Plano, Texas 75024
CITY:	City of Plano Attention: Mr. Thomas H. Muehlenbeck City Manager P.O. Box 860358 Plano, Texas 75086-0358
With a copy to:	City of Plano Attention: Ms. Diane Wetherbee City Attorney P.O. Box 860358 Plano, Texas 75086-0358
COLLIN COUNTY:	County of Collin, Texas Attention: The Honorable Ron Harris County Judge Collin County Commissioners Court 210 S. McDonald Street, Ste. 626 McKinney, Texas 75069

SECTION 13
Confidentiality

Company agrees that it shall not disclose the terms or conditions of this Agreement to any other person unless required by law.

SECTION 14
Interpretation

Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against any party.

SECTION 15
Applicable Law

This Agreement is made, and shall be construed and interpreted under the laws of the State of Texas, and venue shall lie in state courts located in Collin County, Texas.

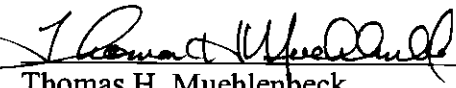
SECTION 16
Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

EXECUTED this 7 day of October, 2002.

THE CITY OF PLANO, TEXAS, a home
rule Municipal Corporation


Date: 10/10/02

By: 
Thomas H. Muehlenbeck
CITY MANAGER

ATTEST:


Elaine Bealke, CITY SECRETARY

APPROVED AS TO FORM:


Diane C. Wetherbee
CITY ATTORNEY

SAFETY-KLEEN SYSTEMS, INC.

Date: 10/03/02

By: Larry W. Singleton
Name: LARRY W. SINGLETON
Title: VP & CFO

Witnessed:

ATTEST:

[Signature]

**COMMISSIONERS COURT OF
COLLIN COUNTY** 2002-870-10-28

Date: 10/28/02

By: [Signature]
County Judge

ATTEST:

[Signature]